BDIC NWT

2014-15 Corporate Plan

Supporting the Economic Objectives of the Government of the Northwest Territories

Northwest Territories Business Development and Investment Corportation

NWT Business Development
and Investment Corporation

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TABLE OF CONTENTS

Establishment of the BDIC 1

The BDIC Act 1

Vision and Mission 2

Programs & Services 3

- Credit Facilities 3
- Venture Investment Program 3
- Business Development Project Fund (BDPF) 4
- Subsidiary Program 4
- Business Support Services 5

2013-2014 at a Glance 5

2013-2014 Score Card 6

Economic Development Goals 7

Accountability Goals 9

Capacity Development Goals 11

Budget Summary 13

2014-2015 Budget 14

ESTABLISHMENT OF THE BDIC

The NWT Business Development and Investment Corporation (BDIC) was established as a crown corporation on April 1, 2005 with a mandate to provide economic programs and services on behalf of the Government of the Northwest Territories (GNWT).

THE BDIC ACT

The purpose of the BDIC is to support the economic objectives of the Government of the Northwest Territories in a manner that benefits the people and the economy of the Northwest Territories, by:

(a) encouraging the creation and development of business enterprises;

(b) providing financial assistance to business enterprises, either on its own or as a complement to private sector or other financing;

(c) directly investing in business enterprises; and

(d) providing information to business enterprises and members of the public respecting:

(i) the establishment and operation of businesses, and

(ii) other business matters.

VISION

The BDIC's vision is to be an accountable Crown corporation providing resources for the economic development of the Northwest Territories.

MISSION

The BDIC's mission is to support the NWT economy by encouraging the creation and development of businesses in communities.

PROGRAMS & SERVICES

The BDIC's investment in northern business is a cornerstone of the GNWT's economic development strategy. It supports small business development and provides resources to expand capacity throughout the NWT. The BDIC serves clients in all 33 NWT communities.

The BDIC offers the following programs and services to businesses:

- Credit Facilities
- Venture Investment Program
- Business Development Project Fund (BDPF)
- Subsidiary Program
- Business Support Services

Credit Facilities

The Credit Facilities Program is a debt financing program. It is the largest of the financial programs accounting for over 89% of the BDIC's total financial assistance. Under this program, clients can access any of the following products:

- Term loans, winter and summer resupply loans and seasonal production loans
- Standby letters of credit
- Working capital guarantees

At the end of 2013-2014, the BDIC's Credit Facilities Program portfolio was $49.1 million with $5.4 million approved during the year.

Venture Investment Program

The Venture Investment Program is an equity financing program in which the BDIC invests in a client's company in return for preferred shares. The client pays dividends to the BDIC and buys back the preferred shares over time. Funding under this program is tied to the number of jobs created or maintained by the business.

At the end of 2013-2014, the BDIC's Venture Investment Program portfolio totalled $1.47 million.

The BDIC is working on a revised Venture Investment Program to assist new entrepreneurs.

Business Development Project Fund (BDPF)

The BDIC offers contribution (BDPF) funding to businesses, arts and crafts persons and harvesters. BDPF funds are available for start-up and expansion projects including feasibility assessments, product development, preparation of marketing and business plans and pilot projects. Approved businesses are eligible for up to $10,000 in level I communities (Yellowknife, Inuvik, Hay River and Fort Smith) or $20,000 in level II communities (all other) over five years.

The BDIC offers additional aftercare funding ($2,500 in level I communities; $5,000 in level II communities) through the BDPF Program for business software, training and education fees, and succession planning.

In 2013-2014, the BDPF Program was oversubscribed with the BDIC approving $286,000 in funding.

Subsidiary Program

The Subsidiary Program facilitates community development by investing in companies that employ residents in small communities. The BDIC continues to support its subsidiary companies though operating and capital funds as well as centralized services such as operational support, accounting and marketing. The BDIC currently operates the following five subsidiaries across the NWT:

- Acho Dene Native Crafts
- Arctic Canada Trading Company Ltd.
- Dene Fur Clouds
- Fort McPherson Tent and Canvas
- Ulukhaktok Arts Centre

In 2013/2014, the BDIC divested one of its subsidiary companies, the Nahanni Butte General Store Ltd., to the community of Nahanni Butte.

The BDIC's subsidiary companies are mainly involved in producing and purchasing traditional fine arts and crafts. The BDIC, through the Arctic Canada Trading Company Ltd., markets, promotes and distributes its subsidiaries' products in Canada and the United States.

In 2013-2014 the Subsidiary Program maintained 13.5 direct community employment positions and supported 144 cottage craft producers

Subsidiary products are available at over 30 retail outlets across Canada and Alaska as well as online.

Business Support Services

The BDIC provides business support services to residents across the NWT. It operates Canada Business NWT (CBNWT), a business support centre, in partnership with the Canadian Northern Economic Development Agency (CanNor). CBNWT offers clients information about how to start a business, a business resource library, business learning sessions as well as computer work stations. Services are accessible online and via telephone NWT wide. Services can also be accessed through the BDIC's partner organizations such as the NWT Community Futures.

In 2013-2014, CBNWT received over 1,100 internet visits at CanadaBusiness.ca and over 2,800 on the BDIC's CBNWT website. It also served over 290 phone, in person and email clients.

2013/2014 AT A GLANCE

- **$5,421,000** in loans were approved
- **$7,558,000** in loan repayments were received
- **37** BDPF contributions were approved totalling $286,000
- **13.5** full time employment positions offered and **144** cottage craft producers were assisted through the BDIC Subsidiary Program
- **9,400** online visitors to BDIC.ca
- **290** visitors to the Canada Business NWT
- **1,100** online visitors to NWT content on CanadaBusiness.ca

2013-2014 SCORE CARD

Action Items	Measures of Success	Status
Review the BDIC's financial and non financial programs.	Programs reviewed.	In progress
Re-focus venture investment program.	A venture program which has more and better options.	In progress
Promote the BDIC and its programs.	Promotional videos and material for the BDIC and its programs.	Complete
Assist subsidiaries to promote and deliver the BDIC's programs.	Improved services provided by the BDIC's subsidiaries.	Complete
Research new products and programs.	Improvement and added flexibility to program.	Complete
Enhance quality of CBNWT by improving online services.	Increase in online usage.	Complete
Use flexible lending and account management approaches.	Flexible lending used and additional sector based reporting.	Complete
Promote services or training where lack of capacity.	Business courses/seminars delivered.	Complete
Build capacity by sponsorship of conferences and other skills development opportunities for entrepreneurs and community economic development officers.	Participation at conferences and skills workshops.	Complete
Follow-up on BDPF aftercare and funding to track performance.	Positive reports on BDPF aftercare successes.	Complete
Delivery of the BDIC programs independent from external influences.	Accountability and transparency with improved reporting structure.	Complete
Release quarterly reports to the BDIC Board and Minister.	Newsletters, website updates and timely quarterly reports.	Complete
Increase subsidiary production capacity.	Increased subsidiary production output.	Complete

ECONOMIC DEVELOPMENT

GNWT Priority	BDIC Priority
Diversified Economy A diversified economy that provides all communities and regions with opportunities and choices	**Economic Development** Strengthen economic development

	Objective	Action
Loan Program	Maintain loan underwriting discipline	Adhere to and improve underwriting policies
BDPF Program	Determine value of BDPF program to clients	Survey BDPF recipients to determine impact of program
		Survey business community as research for enhancing BDPF program
	Increase usage of BDPF Aftercare	Increase promotion of BDPF Aftercare
Venture Investment Program	Develop Venture program applicable to Northern entrepreneurs	Redevelop existing Venture Investment Program model
Subsidiary Program	Increase economic development in Subsidiary communities	Increase product distribution
	Increase sales for the arts and crafts subsidiaries by increasing products available	Increase production and increase purchases from local artists
		Establish a pilot project to purchase arts and crafts from other communities
Business Support Services	Community Banking model	Research community banking and develop model that would work in the NWT
	Micro-Financing	Research micro-financing model and develop model that would work in the NWT

In 2014-2015 the BDIC will survey clients and the business community in order to determine how the BDIC can enhance the BDPF program. The BDIC will also research micro-financing and community banking and develop a model that would work for clients in the Northwest Territories.

The BDIC will revise its venture program to better suit the needs of clients who could benefit from equity financing. Under the Subsidiary Program, the BDIC is committed to improving production systems and increasing revenues for the subsidiaries. Similarly, the BDIC will develop a pilot project to purchase arts and crafts from new communities. Finally, the BDIC continue to maintain its disciplined loan underwriting by adhering and improving its policies.

Measure of Success	Target for 2014/15
Percentage of loan delinquencies from portfolio (by value)	Under 20%
Collection of survey results	Collect and analyze survey results
Collection of survey results	Collect and analyze survey results
Number of BDPF applications received	Minimum 10 BDPF Aftercare applications
New Venture Investment Program model developed	A Venture Investment Program ready for implementation.
Number of provinces and territories in which the BDIC's subsidiaries' products are sold	Products available for sale in every province and territory
Increase revenue for arts and crafts subsidiaries	Increase revenue by 3-5%
Implementation of pilot project	Pilot project implemented
Community banking model developed	Model developed
Micro-financing model developed	Model developed

ACCOUNTABILITY

GNWT Priority	BDIC Priority
Effective Government Effective and efficient Government	**Accountability** Enhance the BDIC's accountability

	Objective	Action
Governance	Measure impact of the BDIC's programs and services	Develop and implement comprehensive performance measurement framework
	Effective reporting	Integrate performance measurements into regular annual reports provided to BDIC Board and Minister
	Update the BDIC's Regulations	Identify changes required for Regulations and instructions for draft submitted to the Department of Justice (DOJ)

As part of the BDIC's commitment to transparency and accountability, in 2014-2015 the BDIC will develop a comprehensive performance measurement framework to measure the impact of all of its programs and services. The performance measurement model will assist in planning, management and operational decision-making to ensure the BDIC is meeting its mandate. Performance measurements will be integrated into the BDIC's quarterly reports which are provided to both the Board of Directors and the Minister Responsible for the BDIC. The BDIC will also begin its review of the BDIC Regulations which were put in place in 2005.

Measure of Success	Target for 2014/15
Performance measurement framework implemented	Framework developed and implemented
Completed integration of framework into annual reports	Quality and informative annual report with integrated framework
Instructions for draft Regulations submitted to DOJ	Internal process complete

CAPACITY DEVELOPMENT

GNWT Priority	BDIC Priority
Strong North Strong and independent North built on partnerships	**Capacity Development** Provide resources for capacity development

	Objective	*Action*
Business Support Services	Enhance value of business services to Northern residents and businesses	*Facilitate more communities to participate with Small Business Week*
		Maintain or increase level of use at business service centre
		Increase use of web-based business learning sessions
Subsidiary Program	Increase subsidiary capacity	*Dissemination of information on the BDIC's business programs and services*
		Provide training to subsidiary staff

The BDIC is committed to supporting capacity development in the NWT in alignment with the GNWT's priorities. While the BDIC encourages and facilitates capacity development within all of its programs and services and all of its clients, it has identified two programs in which it intends to pursue more concerted efforts.

In the upcoming year, the BDIC intends to enhance the value of the business services it offers to its clients by facilitating increased community involvement in Small Business Week, increasing use of its business service centre and use of its web based business learning sessions.

Under the Subsidiary Program, the BDIC will increase the number of clients in the subsidiary communities as well as provide training to subsidiary staff.

Measure of Success	Target for 2014/15
Number of communities participating in Small Business Week	2 communities participating in 2014 Small Business Week
Number of clients using business service centre	220 walk-in visits
Number of workshops and conferences	40 learning sessions offered
Number of participants	145 participants
Number of BDIC clients at Subsidiary communities	4 new clients from Subsidiary communities
Number of Subsidiaries that receive training	Training provided to 4 subsidiaries

BUDGET SUMMARY

The BDIC's budget is divided into two separate sets of funds: the Contribution Fund and the Loans and Investment Fund.

Contribution Fund

The Contribution Fund is funded through the GNWT, the Canadian Northern Economic Development Agency (CanNor), and through investment income. It is administered through four separate funds:

- **Subsidy Fund** - provides subsidies to BDIC subsidiaries and BDPF contribution funds to northern businesses
- **Capital Fund** - provides start-up costs for new subsidiaries
- **Capital Reserve Fund** - provides capital funds for repairs to existing subsidiaries
- **General Operating Fund** - provides operating costs for the BDIC's delivery of programs and services including the CBNWT Centre.

For 2014-2015, the BDIC forecasts revenues of $3,939,000 to the Contribution Fund. Of this amount, $3,707,000 would be funded from the GNWT, $97,000 from CanNor to co-fund the CBNWT Centre, and $135,000 in interest income. Of the $3,707,000 GNWT contribution, $940,000 is allocated to the Subsidy Fund and the remaining $2,767,000 to the General Operating Fund.

Loan and Investment Fund

The Loan and Investment Fund is funded through client loan repayments, client venture payments and/or GNWT loans. The Loan and Investment Fund is administered through two funds:

- Loan Fund - provides loan capital to northern businesses
- Venture Investment Fund - provides equity investment to northern businesses

For 2014-2015, the BDIC forecasts dividends and redemptions of $21,000 to its Venture Investment Fund and loan repayments of $7,400,000 with disbursements of $6,500,000 from the Loan Fund.

2014-2015 BUDGET

Exhibit 1 - Contribution Fund Budget Summary ($000)

2015 Fiscal Year

	Subsidy Fund	Capital Fund	Capital Reserve Fund	General Operating Fund
Opening Balance	518	873	147	5,177
Sources of Cash	940	-	-	2,999
Use of Cash	940	-	-	2,767
Closing Balance	518	873	147	5,409

Exhibit 2 - Subsidy Fund Budget ($000)

2015 Fiscal Year

	Budget 2015	Revised Budget 2014	Budget 2014	Actual 2013
Opening Balance	518	518	518	518
Sources of Cash:				
GNWT Contribution	940	1,000	1,000	1,157
Sub-Total	940	1,000	1,000	1,157
Uses of Cash:				
Contributions:				
Business Development Project Fund	300	350	250	242
Subsidiaries:				
5983 NWT Ltd. (Ulukhaktok Arts Centre)	90	50	50	100
Acho Dene Native Crafts Ltd.	150	125	125	125
Arctic Canada Trading Co. Ltd.	50	50	50	50
Dene Fur Clouds Ltd.	100	100	100	170
913044 NWT Ltd.	250	300	300	85
Nahanni Butte General Store Ltd.	-	25	125	335
6355 NWT Ltd. (Muskox Company)	-	-	-	50
Sub-Total	940	1,000	1,000	1,157
Closing Balance	518	518	518	518

Exhibit 3 - Capital Fund Budget ($000)

2015 Fiscal Year

	Budget 2015	Budget 2014	Actual 2013
Opening Balance	873	873	873
Sources of Cash:			
GNWT Contribution	-	-	-
Sub-Total	-	-	-
Uses of Cash:			
New Subsidiary	-	-	-
Sub-Total	-	-	-
Closing Balance	873	873	873

Exhibit 4 - Capital Reserve Fund Budget ($000)

2015 Fiscal Year

	Budget 2015	Budget 2014	Actual 2013
Opening Balance	147	147	147
Sources of Cash:			
GNWT Contribution	-	-	-
Sub-Total	-	-	-
Uses of Cash:			
Capital Expenditures	-	-	-
Sub-Total	-	-	-
Closing Balance	147	147	147

Exhibit 5 - General Operating Fund Budget ($000)

2015 Fiscal Year

	Budget 2015	Budget 2014	Actual 2013
Opening Balance	5,177	5,032	4,889
Sources of Cash:			
GNWT Contribution	2,767	2,754	2,266
Interest	135	145	143
Business Service Centre Contribution	97	97	97
Sub-Total	2,999	2,996	2,506
Uses of Cash:			
Operation Expenditures			
Advertising	30	40	21
Board expenses	50	50	45
Business Service Centre	97	97	97
Computers	80	80	73
Office	50	50	43
Purchased services	90	109	74
Telephone & communications	25	20	14
Travel	115	125	94
Salaries & benefits	2,230	2,280	1,902
Sub-Total	2,767	2,851	2,363
Closing Balance	5,409	5,177	5,032

Exhibit 6 - Loan and Investment Fund Budget Summary ($000)

2015 Fiscal Year

	Venture Investment Fund	Loan Fund
Opening Balance	4,553	994
Sources of Cash	21	8,410
Use of Cash	-	8,000
Closing Balance	4,574	1,404

Exhibit 7 - Venture Investment Fund Budget ($000)

2015 Fiscal Year

	Budget 2015	Budget 2014	Actual 2013
Opening Balance	4,553	4,530	4,396
Sources of Cash:			
Dividends	8	8	8
Redemptions	13	15	126
Sub-Total	21	23	134
Uses of Cash:			
Venture Investments	-	-	-
Sub-Total	-	-	-
Closing Balance	4,574	4,553	4,530

Exhibit 8 - Loan Fund Budget ($000)

2015 Fiscal Year

	Budget 2015	Budget 2014	Actual 2013
Opening Balance	994	484	220
Sources of Cash:			
Repayments received	7,400	7,500	6,815
Interest Income	10	10	15
Borrowed from the GNWT (net)	1,000	-	500
Sub-Total	8,410	7,510	7,330
Uses of Cash:			
Loans disbursed	6,500	6,000	4,366
Repayment to the GNWT (net)	1,500	1,000	2,700
Sub-Total	8,000	7,000	7,066
Closing Balance	1,404	994	484

Northwest Territories Business Development and Investment Corporation

BDIC
NWT